



Saskatchewan
Co-operation and
Co-operative
Development

Articles of Incorporation and Bylaws: A Handbook for Co-operatives

December, 1983

Introduction

We have prepared this manual to help new and existing co-operatives develop their articles of association and bylaws to meet the requirements of the new Co-operatives Act, proclaimed in October, 1983.

The manual is a step-by-step guide for writing or revising your articles and bylaws, and will be most helpful if used in conjunction with the Act and its accompanying regulations.

The Co-operatives Act addresses all legislative areas affecting co-operatives. It states the provisions which must be included in your articles and bylaws, and allows for additional bylaws unique to the needs and operation of individual co-operatives. Bylaws specific to individual co-operatives are identified in the Act by the words 'subject to the bylaws' at the beginning of the subsection. The provisions of the Act will apply in these cases if you do not write your own bylaws.

Co-operatives may also choose to include bylaws concerning matters not covered by the Act. Please note all additional bylaws are subject to any restrictions in the Act. The manual contains some sample bylaws you may choose to include.

We have designed the manual as a series of steps for your convenience. The article or bylaw is given at the left side of the page, with the applicable type of co-operative identified below it. If a mandatory article does not apply to your co-operative, you must state this fact in the appropriate place.

The next column identifies the applicable Part, Section and Subsection of the Act.

The following column gives an explanation of the article or bylaws, and lists some considerations when you are preparing your own articles and bylaws.

A sample article or bylaw is given in the next column. You may use the sample verbatim, make minor revisions, or refer to it as a general guide.

The final column provides space to insert your drafted articles and bylaws.

When you have completed drafting your articles and bylaws, you may choose to organize them into subject categories, such as grouping together all bylaws concerning directors or memberships.

The Co-operatives Act standardizes Saskatchewan co-operative legislation, provides for specific needs of individual co-ops, and gives co-ops greater flexibility. Your articles of association and bylaws represent an agreement between members concerning your co-op's aims, objectives and rules of operation, and they provide a sound legal basis of operation.

We welcome you to contact Saskatchewan Co-operation and Co-operative Development if you need assistance with their preparation.



Deputy Minister and Registrar,
Co-operation and Co-operative Development.

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Part I - Articles of Incorporation

The Articles of Incorporation (previously Memorandum of Association) include any documents evidencing corporate existence 2(1)(b). The Act outlines the specifics to be included in the Articles of Incorporation in Section 7. The Department of Co-operation and Co-operative Development has forms (Form A of the Regulations) that must be used. This information must be sent in duplicate to the Registrar and the Registrar must be satisfied with the contents 9(1). If there is an area that doesn't apply to your co-op, write N/A in the space.

The Act contains provisions for co-ops to address additional subjects in their articles. An important consideration when putting items in your articles is that articles can only be changed or removed by special resolution which requires a two-thirds majority. Community service co-ops (251) and housing co-ops (254) must have prior consent of the Registrar to change or repeal their articles. The items that are in your bylaws can be included in your articles. The reason for moving bylaw items to the articles is to make them more difficult to change. (Fore reference see Section 145 and 114).

Item	Reference to Act or Regulations	Explanation/Considerations
1. Name of Co-operative	7(2)(a)	Explanation:
	13(1) (2)	— Your name must have "co-operative" in it unless exempted by Registrar. This ruling is made so that organizations run co-operatively are clearly represented to the public.
	14(1)	— Must have "Limited", "Ltd.", "Limitée" or "Ltee" as last word in name unless exempted by Registrar. A community service association is not required to use the above. In all co-operatives liability is limited to the amount that members have invested. Because of this, a form of "limited" must appear as the last word. Community Associations are not required to have shares but generally go on a fee basis. Therefore they are not required to have limited in their name.
	15(1)(a) (1)(b) (2)(a)	— May use English, French, a combination or any other language approved by the Registrar.
	15(1)(c) (d) (e)	— Must not be the same as or similar to any other co-operative, corporation, association, partnership or firm unless written consent is given from the organization. This is to avoid confusing or misleading the public.
	15(1)(f)	— Must not imply or suggest connection with a public body, political party, university or professional association.
	15(1)(f)	— Must not be a name prohibited in the regulations.
	16(a)	— Must not be deceptively inaccurate in describing the business, goods, services, conditions that goods and services will be supplied under, persons to be employed, or place of origin of goods and services.

Sample Article(s)	Your Article
1. ABC Co-operative Limited 2. ABC Co-operative Ltd. 3. ABC Housing Co-operative Limitée 4. ABC Co-opérative Limitée 5. Anytown Co-operative Curling Rink	

Item	Reference to Act or Regulations	Explanation/Considerations
	16(b) 16(c)	— Must not be likely to be confused with a dissolved co-operative. — Must not be objectionable to the Registrar. (This may mean a name that is in poor taste or one that would reflect unfavourably on co-operatives as a whole). — When amalgamating you may use the name of one of the amalgamating co-ops, a distinctive combination that is not confusing, or a distinctive new name that is not confusing. Consider: — Your co-op's name must be prominently displayed with legible lettering at every place where you carry on business, in all notices and publications, on all contracts, letters, orders, invoices, statements, receipts and letters of credit, bills of exchange, promissory notes, endorsements, cheques, order for money and on the corporate seal, if a seal is adapted.
2. Where there is share capital: (a) par value of shares. (b) whether or not shares issued are unlimited; if limited the maximum number that may be issued.	7(2)(b)i 34(3)	Explanation: — A co-operative is required to sell common shares at their par value unless otherwise specified in the bylaws. Consider: — Do you want to have shares or fees or a combination? — Do you want your shares set low enough so that anyone can become a member?

Sample Article(s)	Your Article
1. The authorized share capital shall consist of _____ shares with a par value of \$_____ each.	

Item	Reference to Act or Regulations	Explanation/Considerations
	7(2)(b)ii 33	— Do you want your shares set high enough to attract those people who show real commitment to your co-operative by putting up a larger sum of money? — Do you have certain expenses or risks to offset? — What capital is required: — In a housing co-op you may want to ask for 50% down with the rest payable over a period of time. Another alternative is to have a damage deposit plus a share requirement. — Shares are unlikely to be used to community service co-ops or community clinics. — If dividends are going to be allocated to additional shares, a \$1.00 par value is easier to work with because it eliminates partially paid shares. — The kind of co-operative yours is and if it is necessary or desirable to limit the number of shares. — Generally shares are unlimited especially in retail co-ops. — The number of shares may be related to the size of your business, i.e. a grazing co-op may only have so much pasture land, a housing co-op so many units or an employment co-op only so much work. — This item can cover the bylaw required under 8(1)(a).

Sample Article(s)	Your Article

Item	Reference to Act or Regulations	Explanation/Considerations
3. Where there is no share capital, a statement that interest of each member is the same as every other.	7(2)(c)	Explanation: — Co-operatives are based on equality for all members no matter what their interest or responsibility. Consider: — Some community service co-operatives do not have equity but operate on a non-refundable fee basis. — This is written on the prescribed form for the Articles (Form A).
4. Minimum and maximum number of directors.	7(2)(d) 7(3)	Explanation: — The Act says that you must outline the maximum and minimum number of directors. — You shall have a minimum of five directors unless the number of incorporators is less than six. Then, by permission of the Registrar, you can have less than five directors. This is to ensure that the membership is adequately represented. Consider: — The potential size of your membership, as the number should adequately represent the membership. — If you want an odd number or even number of directors for voting purposes. — The practical size of a board for your co-op. — Representation by area may affect the number.

cont.

Sample Article(s)	Your Article
1. The interest of each member is the same as every other member.	

Item	Reference to Act or Regulations	Explanation/Considerations
	84	— You can amend your articles to increase or decrease the number of directors but you can't shorten the term of an incumbent director. — A large board can be cumbersome. — When minimum and maximum numbers are different, then the bylaws must provide for a manner of determining how many there will be at any point in time.
5. Names in full and addresses (residential) of each first director.	7(2) 7(4)	Explanation: — The Act requires you to give the full name and address of each first director. Other government agencies, both provincial and federal, as well as the public often make enquiries as to the names of the directors. The first directors are held responsible until the first general meeting. The provisional directors must be named so that everyone knows who has the legal responsibility and who is authorized to exercise the powers of the co-op. — If a first director is not an incorporator you must have their consent on Form C of the Regulations and attach it to your Articles.
6. Objectives or purposes of the co-op.	7(2)(f) 23(1)(b)	— This should state the goals for which the co-op is being formed. It's powers can only be exercised to help achieve this purpose. Your purpose should be stated so that you have some room to move but should be clear enough so that someone reading the Articles knows what the co-op is trying to achieve.

Sample Article(s)**Your Article**

1. There shall be no less than five and no greater than seven directors.
2. There shall be nine directors.

Joseph White	Anytown, Sask.	S7K 2Z2
John Black	"	"
Mary Anne Smith	"	"
Charles A. Wild	"	"
Charlotte Atkins	"	"
Gerald M. Nordquist	"	"

1. To provide goods and/or services to members at competitive prices or at cost.
2. To provide a variety of health services that are conveniently and centrally located for the use of the members.

Item	Reference to Act or Regulations	Explanation/Considerations
7. Restriction on business.	7(2)(g)	Explanation: — The Act allows you to put any restriction on your business that your membership thinks is necessary.
	23(1)	Consider: — A co-operative or its subsidiary cannot carry on business in the areas restricted. — Your objectives. — You may want to restrict certain things that your directors can do without the members consent by special resolution.

Sample Article(s)**Your Article**

1. The ABC Housing Co-op shall exist for the sole purpose of providing housing units for its members.
2. The ABC Co-operative Ltd. may not sell cigarettes or pornographic literature.
3. The co-operative may not engage in any activities which would be deemed to be in competition with any other local co-operative or credit union.



Part II - Required Bylaws (Section 8)

The Co-operatives Act requires that specific bylaws be adopted by all Saskatchewan co-operatives. These bylaws apply to situations and conditions of operation which are common to all co-operatives and ensure compliance with the co-operative principles and standardization of specific policies and procedures.

The Act requires that each co-operative states in its bylaws the conditions of membership, including policies concerning joint membership; qualifications of members; membership withdrawal, termination and transfer; membership fees; voting rights; and transfer of shares.

Co-operatives are required to state in their bylaws the policies and procedures concerning directors, officials and committees, including qualifications; elections; conditions and terms of office; removal; filling vacancies; powers and duties; and remuneration.

Include in your bylaws a definition of the co-operative's territory, district boundaries, and policies concerning delegates and district meetings. If the co-operative is comprised of different member groups, define them in your bylaws and include provisions to ensure their representation.

State in your bylaws the policies and procedures concerning capital; borrowing powers; dissolution; membership charges and withdrawal procedures in housing co-operatives; and operation of employment co-operatives.

Item	Reference to Act or Regulations	Explanation/Considerations
1. Conditions of Membership: a) rights of joint members if any	8(1)(b)i	Explanation: — Members have a choice of whether they want to have provisions for joint memberships in their bylaws. If they choose to have this bylaw they can determine what the rights of joint members might be. If there is no bylaw Section 53 applies. Consider: — Does your co-op stress individuals rather than families or other partnership arrangements? — How many persons should be allowed in a joint membership? — Who can vote? How many can vote? How about resolutions? If there is only one vote, who votes? — What happens to patronage dividends? — Are separate accounting and patronage records desirable or necessary? — What happens if one person dies or a partnership is dissolved? — Are there transfer rights or survivorship rights? — Does joint membership provide for more involvement in families or by spouses? — What restrictions on business might be put on a joint membership? — Can more than one joint member be a director? — Should each joint member have equal rights?

Sample Bylaw**Your Bylaw**

1. There shall be no joint memberships.
2. Two or more persons may apply for joint membership in the co-operative.
3. Each party to a joint membership shall be entitled to vote at any meeting of the co-operative, but a member who is also party to a joint membership shall not cast more than one ballot on any resolution put to a vote.
4. Any patronage allocation or repurchase of shares made to a joint membership shall be divided equally among all of the parties to the joint membership or according to an established percentage by a written agreement.
5. With the approval of the directors, two or more persons who intend to reside in the same apartment in the housing co-operative may apply for joint membership. Each joint membership shall have one vote, and that vote shall be cast by the co-operative member whose name appears first on the application for membership and when that member is absent at the time for voting, the joint member present shall have the right to vote.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
b) Qualifications of Members	8(1)(b)ii	Explanation: — In a co-operative, voting rights and control are in the hands of members. Therefore, it is important to be able to clearly define who is a member and who may become a member. This bylaw enables the co-operative to determine who may control the co-operative in the future.
	102(1)	Consider: — Who does your co-op want to be able to become a member? — How many shares should members own? — What must you do to become a member? Buy shares? Make a loan to the co-op? Sign a contract to grow alfalfa? Sign an occupancy agreement? Be able to use its services? Commit to a certain level of patronage? — Should there be a restriction on age? (The Act says that members must be at least 16 years of age). Where you work? Where you live? — Should membership be restricted to the trading area of your co-operative? — If your share capital is large, should it be payable all at once? If not all at once, over what period of time? Do people who have not purchased all of their shares still have the right to vote and receive patronage refunds?

Sample Bylaw**Your Bylaw**

1. Any person who can use the services of the co-operative may apply to become a member in the form prescribed by the directors.
2. Applicants for membership are required to purchase five shares in the co-operative.
3. Applicants for membership are required to purchase 100 shares in the co-operative.
4. 10% of the shares subscribed for must be paid in cash with the balance paid in equal annual instalments over five years or from accumulated patronage allocations.
5. Membership is open only to employees of the XYZ Company, their immediate families, and retired persons previously employed by the XYZ Company.
6. The association may admit as a member: any person who is engaged in the production or utilization of the products of the forest, lake or river, or of other natural resources on behalf of the members; who possesses the necessary skills, is willing to undertake such training as may be prescribed by the directors and who can use the services of the association may become a member.
7. Any person who possesses the necessary skills, is prepared to undertake training as prescribed by the directors, and who can use the services of the co-operative may become a member upon submission of a written application in such form as prescribed by the board of directors. Such applications must be accompanied by a remittance of \$_____ for the purchase of one share in the co-operative.

cont.

Bylaw	Reference to Act or Regulations	Explanation/Considerations

Sample Bylaw**Your Bylaw**

8. Membership in The ABC Co-operative Limited shall be open to retired persons and/or spouses of such persons who have been engaged in general or professional educational programs and to persons engaged in such programs who are within five (5) years of retirement. "At the discretion of the board of directors, membership may be extended to retired persons from other disciplines such as health and welfare services, civil services, etc. provided applicants from educational programs are given first consideration."

9. The following persons are eligible to become members:

- a) any person who can use the services of the co-operative, and;
- b) any individual who is sixteen years of age or older.

10. No person can become a member of the co-operative unless that person has submitted a written application in a form prescribed by the board; and the said application has been approved by the board.

11. Members shall faithfully support and promote the business and affairs of the co-operative and shall be bound by the bylaws and policies of the co-operative.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
c) Withdrawal of Members	8(1)(b)ii 121(2)	Explanation: — The Act requires the bylaws to cover the withdrawal of members. — In the Act it says that a member may withdraw from a co-op on any terms and conditions outlined in the bylaws. — To remain a voluntary organization a member must be able to withdraw voluntarily. However, this could jeopardize the ongoing co-op so there should be some procedure for the withdrawal of members. Consider: — How much notice of withdrawal should a member give? — Over what period of time should the co-op or the remaining members repay the withdrawing member's investments? Days? Months? Years?

Sample Bylaw**Your Bylaw**

1. All applications for withdrawal of membership shall be submitted to the Board of Directors in the manner specified from time to time by the Board of Directors.
2. The directors shall deal promptly (or within a given period of time) with all applications for withdrawal.
3. Notwithstanding the provisions of the bylaws of this co-operative, a member may withdraw from membership.
 - a) Notice of intention to withdraw shall be given in writing at least sixty (60) days prior to the date of withdrawal.
 - b) Upon receipt of the notice of withdrawal, the board of directors shall order the repayment of the share capital of the withdrawing member, such payment to be made within thirty days of the date on which the member vacated the apartment leased from the co-operative.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
	121(4)	— The time to purchase a member's share or repayment of a member's loan other than allocated earnings, is not to be longer than five years.
d) Transfer of Shares	8(1)(b)ii 48	— The Act requires that the bylaws cover transfer of shares. — This section says that shares and membership are personal property and are transferable in any manner. This is subject to the bylaws which may provide otherwise.

Sample Bylaw**Your Bylaw****4. Withdrawal of Membership**

- a) A member may withdraw from the co-operative by giving to the secretary of the co-operative six months notice in writing of his intention to withdraw. The board, by resolution, may accept any withdrawal upon shorter notice.
- b) When an individual member reaches the age of 70 years, he may give written notice of his intention to withdraw and require payment of amounts owing to him, except for those shares purchased as a condition of membership.
- c) Written notice given to the co-operative of the receivership or bankruptcy of a body corporate that is a member of the co-operative shall have the same force and effect as a notice of intention to withdraw.

- 1. The provisions in Part VI of The Co-operatives Act shall apply.
- 2. There will be no transfer of shares or membership.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
	51	— The Act outlines a procedure for transferring shares. A written application must be made. It can be approved by the Board of Directors or someone appointed by the board (eg. General Manager) in a resolution. After approval, the applicant will be notified and the name entered on the register of members. If nothing is stated in the bylaws, this is the procedure that must be followed (Section 48, 51, 52). You may wish to add more restrictions to the transfer of shares. Consider: — Do you want to allow shares to be transferred? — How much control do you want over whom a share can be transferred to, or how, where and when it can be transferred? — Do you want to limit transfers only to other members? — The directors are responsible for the entire operation and well-being of the co-operative.
e) Membership fee, if any.	8(1)(b)iii	Explanation: — Some co-operatives may have an initial membership fee. If yours does, it must be specified in the bylaws. Consider: — Do you need membership fees? If you don't have shares you must have a membership fee. — What should they be per person? for children? — Is it a lifetime membership? — Is the fee refundable? — Direct charge co-ops may require a special type of bylaw.

Sample Bylaw	Your Bylaw
3. No transfer of common share or membership in the co-operative is valid for any purpose unless: a) a written application for membership is approved by: (i) the Board of Directors; or (ii) a person authorized by a resolution of the Board of Directors to approve applications and transfers of that kind; and b) notification of any approval given pursuant to a) is sent to the transferee and his name has been entered on the register of members; and c) the transfer is to a spouse or child of the member and is in the amount required to establish a membership; and d) the transferee presents a reference from a previous landlord (for a housing co-op). 4. Shares or memberships can be transferred only upon approval of the board.	
1. The life-time membership fee will be \$15.00 for every person over 18, \$10.00 for people 8-16 years and under 8 free to a maximum of \$35.00 per family. 2. The membership fee shall be \$1.00 per individual. 3. Applicants for membership must purchase a \$5.00 membership fee. 4. Membership fees shall not be refundable.	

Bylaw	Reference to Act or Regulations	Explanation/Considerations
f) Annual fee, if any	8(1)(b)iii	Explanation: — Your co-op may decide to charge annual fees as well. Consider: — Does your co-op need annual fees to operate? — Do you have to charge different fees for different parts of your business (ie. curling rink, skating rink)? — Will the fee be yearly, monthly or weekly?

Sample Bylaw**Your Bylaw**

1. Annual fees for the ABC Community Association will be \$200.00 per rink per season and \$45.00 per person for skating.
2. Fees: Each member or patron who uses the facilities of the association will be required to pay a fee for services, the amount of which shall be fixed by the directors from time to time. The amount of such fees set by the directors may vary from one service to another. Fees paid under the provisions of this bylaw may not be refundable, except at the discretion of the directors. They may be used for any purpose of the association.
3. Any member who fails to pay the annual membership dues or fees stated by the bylaws will be considered to have withdrawn from the co-operative and his name will be removed from the register.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
g) Conditions on which membership ceases or is terminated	8(1)(b)iv 122 123 124	Explanation: — The Act says that you must specify in your bylaws under what conditions membership ceases or is terminated. The Act outlines how the Board of Directors or the members may terminate a membership and what recourse that member might have. Consider: — Do you want Section 122 to apply? — What conditions would make your co-operative want to terminate a membership? • low or no patronage? • failure to pay account? • move out of trading area? • no longer has need for services? • not interested in the co-operative?

Sample Bylaw**Your Bylaw**

1. If a member fails to transact \$_____ worth of business with the co-operative over any two consecutive fiscal years, the member shall be deemed to have applied for withdrawal of membership; provided that the directors, when presented with evidence of extenuating circumstances, may, at their discretion, reject the application for withdrawal of membership.
2. Membership ceases when the Board of Directors approves withdrawal or issues a termination order and Section 122 of the Act shall apply.
3. **Cessation or Termination of Membership**
Membership ceases when the Board of Directors approves withdrawal or issues an order of termination pursuant to the following section.
4. **Membership Termination Order**
The Board, by a simple majority vote at any directors' meeting, may order the termination of a membership.
5. **Appeal of Membership Termination Order**
A person whose membership has been terminated by the Board of Directors may appeal the decision to the general meeting of the membership of the co-operative in the manner specified in the Act and the regulations; and the directors' order can be rescinded only by a majority of at least two-thirds of the members present and casting votes at the general meeting.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
h) Disposition of interest of ceased or terminated membership i) Determination of value of ceased or terminated membership	8(1)(b)iv	Explanation: — A person ceases to be a member when he dies, withdraws, has his membership terminated or when he no longer qualifies. When he is no longer a member, the Act requires the bylaws to say what happens to his shares, member loans or any other interest. That way there is no confusion over the co-op's obligation and the member's rights. Consider: — Your bylaws outlining termination. — Sections 121, 122, 123, 124, 126, 42 and 43 of the Act. — How long a period of time should the co-op take to purchase the shares? — Your bylaw should be fair to the member withdrawing and the continuing members. — Very lengthy repayment periods could result in negative publicity for the co-op. — Check tax implications particularly for co-op farms and machinery co-ops.

Sample Bylaw**Your Bylaw**

1. (a) Notification of the death of a member by the administrator, executors, or heirs of the deceased shall be deemed to be an application for withdrawal.
- (b) Following receipt of an application for withdrawal, the co-operative shall purchase at their par value all shares held by the member along with any member loans and accrued interest on the following basis:
 - (i) where withdrawal is because of death;
 - (ii) where withdrawal is because of permanent moving out of the area served by the co-operative;
 - (iii) where withdrawal is for any other reason the shares purchased as a condition of membership shall be paid within one year, and the balance of the member's allotted earnings to be paid within a period not to exceed 20 years.

-or-

- (b) Following receipt of an application for withdrawal, the co-operative shall purchase at their par value all shares held by the member along with any member loans and accrued interest over a period of time determined by the directors, but not exceeding five years.
- (c) Where the amount payable under (b) is less than \$100., payment shall be made within 6 months.

cont.

Item	Reference to Act or Regulations	Explanation/Considerations

Sample Bylaw**Your Bylaw**

-or-

(b) Following receipt of an application for withdrawal, the co-operative shall purchase at their par value all shares held by the member along with any member loans and accrued interest on the following basis:

- (i) Where withdrawal is because of death, 50% of the amount on the next following March 31st, and the remainder on the ensuing March 31st;
- (ii) Where withdrawal is because of permanent moving out of the area served by the co-operative, 25% of the amount on the next following March 31st, and 25% annually on March 31st for the ensuing three years;
- (iii) Where withdrawal is because of illness or disability, one-third of the amount on the next following March 31st, and one-third annually on March 31st for the ensuing two years.
- (iv) Where withdrawal is for any other reason, 20% of the amount on the next following March 31st, and 20% annually on March 31st for the ensuing four years.

2. Where a membership is terminated under the provisions of Part X of the Act, all shares held by the member along with any member loans and accrued interest shall be paid within 6 months of the time the member is notified of his termination or the date his last right of appeal is denied, whichever is later.

cont.

Bylaw	Reference to Act or Regulations	Explanation/Considerations

Sample Bylaw**Your Bylaw**

3. (a) Where a corporation, public body or association withdraws but continues in existence, all shares held by that member along with any member loans and accrued interest shall be purchased by the co-operative on the basis of 20% of the amount on the next following March 31st, and 20% annually on March 31st for the ensuing four years.
- (b) Where the corporation, public body, or association is being liquidated and dissolved, payment shall be made 50% on the next following March 31st and the remainder on the ensuing March 31st.
4. (a) When, in the opinion of the directors, payment of all amounts due to "former members who have withdrawn" would impair the financial stability of the co-operative, the directors may by resolution distribute the available funds on a pro rata basis among "all withdrawn members".
- (b) If the remainder of the amount due cannot be paid within one year, and a further deferment is required, the requirements of Part V of the Act shall apply.
5. (a) All shares and member loans shall be purchased at par.
- (b) Notwithstanding (a), when the capital of the co-operative is impaired, members who have withdrawn shall be given the option (a) of providing written authorization for the co-operative to defer payment due or (b) accepting as full payment for each share the book value of that share as shown by the most recent audited annual statement of the co-operative.

cont.

Bylaw	Reference to Act or Regulations	Explanation/Considerations

Sample Bylaw**Your Bylaw**

-or-

(b) Notwithstanding (a), when the capital of the co-operative is impaired, members who have withdrawn shall be given the option of deferring (in writing) the receipt of any payments due or accepting such lesser amount as the directors may offer in full payment.

6. (a) Subject to clause (d), the co-operative shall purchase all of the withdrawing member's shares at their par value and shall repay the member loans within six months of the date of the directors' approval of the withdrawal, when withdrawal is for one of the following reasons:

- (i) death of the member; or
- (ii) the member has permanently moved out of the co-operative's trading area.

(b) Subject to clause (d), when withdrawal is for reasons other than those described in clause (a), the co-operative shall repay those shares purchased as a condition of membership, at their par value, and the member loans within six months of the date of the directors' approval of the withdrawal; and the balance of the member's allocated earnings shall be paid within a period not exceeding twenty years.

(c) Subject to clause (d), when the directors have terminated the membership of a person in the co-operative, the co-operative shall pay the amounts due to the member in the manner provided in the Act.

cont.

Bylaw	Reference to Act or Regulations	Explanation/Considerations

Sample Bylaw**Your Bylaw**

(d) When, in the opinion of the directors, payment of all amounts due to members who have withdrawn or had their memberships terminated would impair the financial stability of the co-operative, or would be contrary to the interests of the remaining members, the directors shall pay such amounts according to the following order of priority:

- (i) to estates of deceased members;
- (ii) to persons whose memberships have been terminated;
- (iii) to members who have withdrawn because they have moved permanently out of the trading area of the co-operative;
- (iv) to members who have reached the age of 70 years;
- (v) to members who have withdrawn for other reasons.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
2. Voting rights, including ballot or mail, and form and effect of voting at meetings (all subject to the Act)	8(1)(c) 117(1)	Explanation: — This section of the Act says that you can determine in your bylaws how members shall vote. If you do not make any special bylaws the voting will be: 1. by show of hands; 2. if three members, who are entitled to vote, demand secret ballot that is the method of voting that will be used. — Section 112, 117 and 76(1)(c) apply if there is no bylaw. Consider: — Secret ballot allows voters privacy and may prevent any influencing of votes but is a time-consuming procedure. — Show of hands is less formal and much quicker. — Are there some decisions that require a referendum? — Do you want a nominating committee? — Do you want voting by mail, balloting or a returning officer? — Do you want to make provisions for people to vote who don't attend the meeting?

Sample Bylaw**Your Bylaw**

1. The provisions of Part X of the Act shall apply.
2. Members shall vote by secret ballot. There shall be no voting by show of hands.
3. Members shall vote by show of hands. There shall be no voting by secret ballot.
4. Members shall vote by show of hands; or, where _____% of the members present and entitled to vote demand, by secret ballot.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
3. Rights of making, repealing or amending bylaws	8(1)(c)	Explanation: When you become a member of a co-op you accept the bylaws of the co-op and agree to follow them. Therefore members should have a way to make changes in their organization's bylaws. If there is no bylaw Section 114 applies. Consider: — How much time should members have to consider any changes to the bylaws? — What percentage of the members should be in favour of the change? — How firm should the process be to change bylaws? — Should it require a Special Resolution?
	114	

Sample Bylaw**Your Bylaw**

1. The provisions of Part X of the Act shall apply.
2. Notice must be given to the board of any intent to propose an amendment to the bylaws.
3. A Special Resolution shall be required to repeal or amend any bylaw of the co-operative.
4. (a) The members may, at any annual or special meeting called for the purpose, enact, amend, repeal, replace or confirm any bylaws where written notice of the proposed enactment, amendment, repeal, replacement or confirmation is:
 - (i) sent to its members with the notice of the meeting at which the enactment, amendment, repeal, replacement or confirmation is to be considered, by a simple majority of the votes cast at the meeting; or
 - (ii) not forwarded to each member with the notice described in clause (a) by a unanimous vote of the votes cast at the meeting.
- (b) In lieu of the written notice required to be sent to the co-operative's members pursuant to clause (a), the co-operative may:
 - (i) insert the notice in not less than two issues of a newspaper circulated in the trading area of the co-operative; and
 - (ii) post the notice in a place that, in the opinion of the directors, is prominent and accessible to the members.

and the provisions in the Act respecting newspaper notices for annual or special meetings shall be applicable.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
4. Directors and committees of directors and officers.	8(1)(d)(1)	Explanation: — Directors are given the power to manage the business and affairs of your co-operative. You may wish to have some guidelines as to who can be a director of your co-op. The Act states that to be a director you must be 18, of sound mind, an individual (as opposed to a corporation, partnership, etc.), a member of the co-op, not bankrupt or a member of a prescribed class of persons.
(a)(i) Qualifications	77	Consider: — In a retail co-op, no employee of a consumers' co-op may be a director of that co-op unless provided for in the bylaws and then no more than 1/3. — What criterion should directors meet? — Would you want someone as a director whose account is unpaid? — Should there be a minimum amount of patronage to be a director? — How many years in a row should a director serve? — Should the person reside in your co-op's trading area? — How long should a person be a member before he is eligible? — What age range? — How many board meetings can a director miss?
	247	cont.

Sample Bylaw**Your Bylaw**

1. The provisions of Part IX, Section 77 of the Act, and the regulations shall apply for the election of directors and the filling of vacancies.
2. No person shall be a director who is over 3 months in arrears on any account owing to the co-operative.
3. No person shall be eligible to be elected as a director who has not transacted \$1,000.00 in business with the co-operative during the preceding fiscal year.
4. No director shall be eligible for re-election after serving three consecutive terms of 3 years, until he has been out of office for at least one year.
5. No person shall be elected as a director who does not reside within 60 miles of _____.
6. At least one director shall reside in the area receiving its mail at _____X_____, at least two directors shall reside in the area receiving its mail at _____Y_____, and at least three shall reside in the area receiving its mail at _____Z_____.
7. No person shall be eligible to be elected as a director until he has been a member of the co-operative for at least two years.
8. No person under the age of 21 or over the age of 65 shall be eligible to be elected as a director.
9. A director who fails to attend three consecutive regular meetings of board without approval of the remaining directors shall not be qualified to remain in office.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
	98 269 275	— You can make a resolution passed by a majority at a meeting requiring directors to sign a declaration relating to: a) faithful performance of duties; b) secrecy of transaction with members; c) faithful and loyal support of the co-operative. — In an employment co-operative, the majority of directors may be employees. — In a community clinic any person whom the clinic has a contract with may be on the board, but may not vote on issues concerning his contract. Not more than 1/3 of the board can be contracted people.
(ii) Election	8(1)(d)i 76	Explanation: — The Act outlines guidelines for the election of directors. You can add your own guidelines through your bylaws. Be sure to check your regulations (number 7 and 8) for changes before elections. Consider: — Should candidate be nominated before or at the general meeting? In writing or orally? — Will you use a nominating committee? What rules will govern a nominating committee?

Sample Bylaw	Your Bylaw
10. A director who in a preceding year has failed to attend at least 50% of board meetings shall not qualify for re-election in a subsequent year.	
1. The provisions of Part IX of the Act and the regulations apply. 2. In addition to the provisions of the Act and the regulations, the following bylaws apply: a) candidates for the position of director shall be nominated by written or verbal nomination at a general meeting of the co-operative. b) the consent of a candidate for the position of director must be obtained verbally or in writing by the chairman of the meeting before nominations close. c) before the annual meeting, the Board of Directors shall appoint a nominating committee which shall nominate one or more candidates for each vacancy on the Board of Directors. cont.	

Bylaw	Reference to Act or Regulations	Explanation/Considerations

Sample Bylaw**Your Bylaw**

3. A member may vote for up to the number of positions to be filled. (This bylaw would replace Section 76(i)(d) of the Act).
4. (a) The Board shall appoint a nominating committee at least three months prior to the annual meeting.

(b) At least two months prior to the annual meeting, the nominating committee shall call for nominations to fill any vacancies or expired terms by displaying notices prominently where they can be seen by members.

(c) Any two members may nominate a candidate for director by providing the nomination committee with a form or letter signed by both the nominators and the nominee.

(d) The nominating committee may nominate such additional candidates as it deems advisable, but shall ensure there are at least as many candidates as there are positions to be filled.

(e) Nominations shall close 48 hours prior to the annual meeting.
5. A bylaw could also provide for balloting to take place prior to the annual meeting, with a polling station and electoral officer named.
6. The members of a co-operative may, by a resolution approved by a majority of votes cast at a general meeting, remove any director from office.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
(iii) Term of Office	8(1)(d)i	Explanation: — To inform the directors and members of the term of office for directors.
	76	Consider: — How many years should a term of office be? — How many directors should be elected each year?

Sample Bylaw**Your Bylaw**

1. The term of office for directors shall be 3 years.
2. A director who has served 3 consecutive terms shall not be eligible for re-election unless one year has elapsed between his last term and the next election.
3. (a) The term of office for directors shall be three years; provided that there shall be a rotation of terms to require the election of one-third of the directors to office each year.

(b) A retiring director shall be eligible for re-election.
4. At the first general meeting of the co-operative one-third of the directors shall be elected for a three year term, one-third shall be elected for a two year term, and one-third shall be elected for a one year term. In succeeding years, directors elected to replace those whose terms have expired shall be elected for a three year term, excepting a director elected to replace a director who is vacating office for reasons other than by expiration of term of office, shall be elected for only the unexpired portion of the term of office of the director being replaced.
5. At the first general meeting of the association one-half of the board members shall be elected for a term of two years and the remaining half shall be elected for one year. In each subsequent year directors shall be elected for a term of two years to fill the vacancy created by those retiring.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
(iv) Removal	8(1)(d)i 82	Explanation: — If you have a director who is not doing his job you need a procedure for removing him from office. Consider: — The Act states that members can remove a director by resolution approved by two-thirds of votes at a general meeting. Is this a good procedure or would you like more votes to approve it? — Should there be prior notice to the members? To the director? — Should there be a petition?
(b) Filling of Vacancies of Directors	8(1)(d)ii 76	Explanation: — Between elections you may find that you have a vacancy on your board. The Act states that if there is a vacancy the remaining quorum of directors may exercise all the powers of the board or fill the vacancy until the next annual meeting. If there is not a quorum of directors, the remaining directors will call a general meeting to fill the vacancies. If all the positions of directors should be vacant, 10 members or 10% of the members, whichever is less, may appoint directors to call a general meeting for election purposes. Consider: — Should directors have the power to fill the vacancy?

Sample Bylaw**Your Bylaw**

1. Any director who is absent from any three consecutive regular meetings of the Board of Directors may be removed from office by a majority vote of all of the remaining directors.
2. A director may only be removed from office by a special resolution of the members.
3. A director may only be removed from office by a petition signed by 50% of all members.
4. A director being removed from office should receive notice of intention prior to the meeting that the order will be adopted.

1. The provisions of Part IX of the Act apply.
2. A director elected to fill a vacancy shall serve the balance of the term of the director whose cessation of office caused the vacancy.
3. The directors may not fill a vacancy, and shall call a special meeting of the members within one month of the vacancy occurring for the purpose of electing a new director if the vacancy occurs within 6 months of the last annual meeting or reduces the board to less than a quorum.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
(c) Powers and Duties	8(1)(d)iii	Explanation: — The Act gives the board almost total authority for making decisions in the co-operative. You may want to put restrictions on the powers of the board. Consider: — Should directors be able to declare dividends without approval of the membership? — Should directors have total power over borrowing? — Should directors make decisions regarding property or assets. — Should directors have control over the salaries of all staff?

Sample Bylaw**Your Bylaw**

1. The directors shall carry out the duties and may exercise all the powers given them in the Act.
2. The directors shall not borrow or create debt which would cause the liabilities of the co-operative to exceed 70% of its total assets at the time of borrowing without the prior approval of the members by ordinary resolution.
3. The directors shall not acquire any fixed assets in excess of \$250,000.00 in any fiscal year without the prior approval of the members by ordinary resolution.
4. The directors shall not acquire any fixed assets in excess of a cumulative amount of \$100,000.00 in any fiscal year while the co-operative is in arrears in payment of shares from members who have applied for withdrawal of equity or been terminated.
5. (a) The directors shall fix the remuneration of any officers appointed by them and the ranges for the management group reporting directly to the general manager.

(b) The remuneration of other employees shall be determined or fixed by the general manager.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
(d) Remuneration	8(1)(d)iii	Explanation: — The Act says that you should outline how much, if any, directors will be paid. — According to this section of the Act, no director or committee member should be paid unless you provide for it in the bylaws or by resolution at a general meeting. Exceptions to this are expenses that officials might have in doing their job or liability insurance. Consider: — Should your directors receive payment? — Should the directors decide how much they should get? — Should the directors receive mileage allowance? — Should the membership decide how much the remuneration should be?
	88	

Sample Bylaw**Your Bylaw**

1. The directors of the co-operative shall be paid \$_____ per year.
2. The remuneration of the directors of the co-operative shall be fixed by the members by resolution at a general meeting and reviewed at least every second year.
3. (a) Directors shall be paid at the rate of \$100.00 per diem for time spent on behalf of the co-operative in connection with their duties as directors.

(b) Any time less than 5 hours in a day shall be considered as half a day.
4. The directors shall disclose at the annual meeting the amount of remuneration and expenses received by each during the preceding year.
5. The directors shall be paid such remuneration for their services as the members shall approve by ordinary resolution at the annual meeting.
6. The directors of the co-operative shall be paid \$_____ per meeting attended.
7. The directors shall receive \$_____ per kilometre for travel expenses while on co-operative business or attending board meetings.
8. The remuneration for each director can be set by the board, however it cannot exceed \$_____ per meeting or \$_____ per year.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
(e) Committees	8(1)(d) 75	Explanation: — The board can establish committees whenever it sees a need. By resolution of the board, certain powers can be given to a committee to carry out its job. It is important for a committee to work closely with the board and report to the board at each of their meetings. This way the board members have a good overall picture of what is happening in their co-op so they are better able to make decisions. Consider: — What committees might be necessary to have your co-op function the way you would like it to? — How much power should committees have? — Should all committees have at least one director on them to report to the board? — Is it important to be sure all of your membership is represented on a committee? — Committees without at least 3 board members on them have no power to act but can only make recommendations to the board.

Sample Bylaw**Your Bylaw**

1. There shall be a member relations committee appointed by the board consisting of not less than two directors and five other members whose duty shall be to maintain a liaison between the board and members and assist the board to keep members informed of activities of the co-operative.
2. (a) There shall be an executive committee consisting of the President, vice-presidents, and Secretary which shall meet in the months when the entire board is not meeting.

(b) All the powers of the board with the exception of those which cannot be delegated rest in this committee.
3. (a) Same as 2(a).

(b) The executive committee shall have power to deal with routine matters, but shall not approve any expenditures in excess of \$50,000.
4. Every committee shall have at least one director on it.
5. The board may appoint committees as they deem necessary and delegate powers to the committee as required to carry out its functions. The committee must consist of at least 3 directors.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
(f) Officers	8(1)(d) 96	Explanation: — A co-operative is required to have a president and a secretary. Any other officers should be included in your bylaws or can be added by a resolution of the directors. No person should be president, chairman or vice-president unless they are a member of the board. Consider: — What offices do you need? — How long should officers hold their position? — When should they be elected? — Are there any special requirements for officers?

Sample Bylaw**Your Bylaw**

1. The officers of the co-operative shall be:
 - a) President
 - b) First vice-president
 - c) Second vice-president
 - d) Secretary
 - e) Treasurer (or Secretary-Treasurer)
 - f) General Manager (or Chief Executive Officer)
2. The officers of the co-operative shall be the president, secretary, and such other officers as may be appointed by resolution of the board.
3. The president, vice-president, and secretary shall be appointed annually from among the directors at the first meeting of the board following the annual election.
4. The treasurer and general manager shall be appointed by resolution of the board and serve for such time as the board determine.
5. (a) No director shall occupy a management position in the co-operative.

(b) No director shall hold more than one office.

(c) Within 14 days following the conclusion of the annual general meeting in each year, the board shall appoint:
 - (i) from among the directors, a president and first vice-president; and
 - (ii) a secretary who may, but need not, be a director.
(d) Within 14 days following the conclusion of the annual general meeting in each year, the board shall approve the appointment of a treasurer, or such other individual to perform such duties, and who may, but need not, be a director.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
(g) Duties of Officers	8(1)(d)iii 96	Explanation: — Your officers will need to have specific duties. You can leave it up to the Board of Directors or you can be more specific in your bylaws. Consider: — Do you want your board to decide on duties for officers?

Sample Bylaw**Your Bylaw**

1. The duties of the officers shall be as determined by the board.
2. The following duties shall be performed by officers of the co-operative.
 - (a) The president shall:
 - (i) preside at all general meetings of the co-operative and all meetings of the directors unless some other member is appointed by the meeting to do so;
 - (ii) be an ex officio member of all committees appointed;
 - (iii) perform such other duties and exercise such other powers as are incidental to such office or as may be required, from time to time, by the board.
 - (b) The first vice-president, in the absence of the president or as a result of his inability from any cause, shall discharge the duties of the president.
 - (c) The secretary shall:
 - (i) attend all general meetings of the co-operative and all directors' meetings and keep correct minutes of same;
 - (ii) have charge of the seal, if any, of the co-operative;
 - (iii) conduct the correspondence of the co-operative and, subject to the order of the board, have charge of all non-financial corporate records, books, papers and documents of the co-operative.

cont.

Bylaw	Reference to Act or Regulations	Explanation/Considerations

Sample Bylaw**Your Bylaw**

- (iv) perform such other duties and exercise such other powers as are incidental to such office or as may be required, from time to time, by the board.
- (d) The treasurer, or such other individual appointed by the board to perform such duties, shall:
 - (i) receive and deposit all monies to the account of the co-operative;
 - (ii) be responsible for the safe-keeping of securities and the disbursement of funds of the co-operative;
 - (iii) keep or cause to be kept a proper set of business records showing accurately the financial position of the co-operative, and present a full and detailed account to the directors whenever required by them to do so.
 - (iv) prepare or cause to be prepared for submission to the annual general meeting the financial statements required by the act and the regulations.
- (e) The board may appoint and delegate powers and duties to such officers, in addition to the president, first vice-president, secretary and treasurer, as it deems necessary to properly conduct the affairs of the co-operative.
- (f) The board, in its discretion, may remove any officer of the co-operative and elect or appoint another individual to fill the unexpired portion of that individual's term.
- (g) Each officer appointed, or whose appointment is approved by the board, shall hold office until the conclusion of the next following annual meeting or until his earlier resignation.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
5. Municipality in Saskatchewan where registered office situated	8(1)(e) 26	Explanation: — Certain legal documents must be served on the co-op by delivery to their registered office, and also certain records must be kept there for access by members. This bylaw assists members and others to locate this office, and enables members to assure themselves it is an accessible location.
6. If territory is divided into districts (a) establishment of district boundaries (b) procedure for altering district boundaries (c) if delegate structure exists, the definition of powers, duties, election, voting rights and removal proceedings of district delegates. (d) procedure to follow in conduct of district meetings		Explanation: — In a co-operative with a large membership and a wide trading area it may be desirable to divide the area into districts and to elect delegates to exercise the powers of the members. If the district and delegate system is to be used, bylaws must be provided to determine: a) the boundaries of each district and the method of changing the boundaries; b) the number and method of electing delegates in each district; c) the method of calling annual district meetings; d) the quorum at district meetings; e) the method of holding meetings of the delegates; f) the quorum at meetings of delegates; g) the number and method of electing directors; h) the terms of directors; i) the remuneration of delegates and directors; j) the method of removal of a delegate.

Sample Bylaw	Your Bylaw
1. The registered office shall be located in the town of _____ 2. The registered office shall be located in one of the rural municipalities of _____ and _____	

Bylaw	Reference to Act or Regulations	Explanation/Considerations
		— A bylaw should also be provided to enable the members to eliminate the delegate system and to revert to direct membership participation. — As there are only a few co-operatives which have adopted the district and delegate system, it is recommended that each of these co-operatives review their own bylaws pertaining to the district and delegate system with the Department of Co-operation. Consider: — A delegate system may help to ensure that all regions are represented. — It could be used to ensure that each district has a member on the board. — A delegate system can be cumbersome.
7. Members divided into classes		Explanation: — Some co-ops may be made up of groups within the co-op. For example, a marketing co-op may be composed of dairy farmers, egg producers, turkey farmers and rapeseed growers or a cable co-op may have subscribers and organizations. This system ensures that different classes of members are represented on the board. If you are interested in this system, please contact the Department of Co-operation.

Sample Bylaw	Your Bylaw

Bylaw	Reference to Act or Regulations	Explanation/Considerations
8. Distribution of property on dissolution of co-operative	8(1)i 160 161	Explanation: — A co-operative may be dissolved by special resolution of the members. This also requires the approval of the Registrar so that he is satisfied that it is in the best interest of the members.
	253 278	Consider: — Where surplus should go upon dissolution of your co-op. (This does not apply to housing co-ops). — Community service associations and community clinics cannot allocate surplus to members.
	161(8)	— Statutory reserve must be paid to a non-profit organization for charitable purposes, a co-operative with similar purpose or another person that the Registrar may designate. (Statutory reserves are required only by consumer and housing co-ops). — How surplus should be divided among members.

Sample Bylaw**Your Bylaw**

1. Upon the dissolution of the co-operative, the distribution of the property shall be in accordance with the Resolution to Dissolve and Instrument of Dissolution.
 2. Upon dissolution of the co-operative the distribution of the property shall be as follows:
 - a) the statutory reserve shall be distributed to _____ (See Section 161(8), and
 - b) the unallocated surplus shall be distributed to the members on the basis of their share capital at the time of the dissolution.

-or-

 - b) the unallocated surplus shall be distributed to the members remaining at the time of dissolution on the basis of their average patronage over the previous five years.
3. Upon dissolution all surplus will go to charity.
4. Any funds remaining and unclaimed by creditors or members after 3 years from the date of the approval of the dissolution of the co-operative shall be distributed in accordance with the Instrument of Dissolution.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
9. Borrowing powers and procedure for exercising them	8(1)i	Explanation: — It is important to define how and from where your co-op can borrow money.
	78(1)	— This section of the Act outlines the things that the directors may do to borrow money. You may want to put further restrictions on the authority of the board into your bylaws. Without a bylaw, the directors have the power to any amount for any purpose. Consider: — Should there be restrictions on borrowing? — Who has authority to approve borrowing? Up to what amount before going to the membership? — If and when should it be taken to the membership? — What procedure should be used?

Sample Bylaw**Your Bylaw**

1. The provisions of Part IX of the Act shall apply.
2. The provisions of Part IX of the Act shall apply, provided that the directors shall not incur further liabilities which would result in cumulative liabilities in excess of _____ times the members' equity without first obtaining the membership approval by ordinary resolution.
3. The provisions of Part IX of the Act shall apply provided that the directors shall not incur any long-term liability repayable over _____ years without first obtaining membership approval by ordinary resolution.
4. Any borrowing by the co-operative exceeding \$_____ must have the approval of the membership.
5. The financial business of the co-operative, including without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such credit union centrals, banks, trust companies or other bodies corporate or organizations as may, from time to time, be designated by or under the authority of the board. Such financial business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may, from time to time, specify or authorize.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
10. Where a co-operative is an agent of its members, a definition of agency relationship		Explanation: — An agency relationship is one in which the co-op does not own the assets but is holding them and managing for the members. If you would like more information on this area, please contact the Department of Co-operation.
11. Capital in Housing Co-operative	258(a) Regulations 17	Explanation: — In addition to the other required bylaws, a housing co-op must include this in their bylaws. The bylaw should describe the manner in which each member may be required to furnish capital for the purposes of the co-operative. Consider: — Will the capital required be raised by shares or member loans or both? • the amount of capital • what happens if a member cannot pay • lending procedures — Is the share capital the same for every unit? Does it vary based on square footage? number of bedrooms? first or second floor? — Is the capital shares or a loan?

Sample Bylaw**Your Bylaw**

1. Applicants for membership in the co-operative shall apply in the form prescribed by the directors and each application for membership must be accompanied by a cash payment in the amount of \$500 for the purchase of one share in the co-operative.
2. (a) Members shall pay to the co-op prior to moving into their unit or at any other time as permitted by the general membership or appropriate committee, share capital in the amount to be set periodically by the general membership.

(b) When the co-op regains possession of a member's unit the share capital shall be returned to the member, less any sums of money which may be due and owing by the member to the co-op, either because the unit has not been left clean and in good repair in accordance with this bylaw, or because of any other default of the member.

(c) The co-op shall not pay interest to members on the share capital.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
12. Fixing the amount of housing charges and payment for housing charges or other services	258(c)	Explanation: — A housing co-op is required to include a bylaw covering the basis for fixing the amount of housing charges and the manner in which a member may be required to pay for housing charges or other services. Consider: — Is the housing charge based on square footage, number of bedrooms, first or second floor, income or other factors? — Must charge enough to cover all expenses including capital costs. — In what manner should you divide these expenses between the members? — Is the housing charge payable monthly or middle of the month?

Sample Bylaw**Your Bylaw**

1. Monthly housing charges shall be considered and established annually by majority vote of the members at the general membership meeting called for the purpose of approving the budget and the housing charges. Existing charges shall continue until a change is approved by a vote by the members in accordance with this Article.
2. Unless otherwise determined by the members by a two-thirds majority of the votes cast at the budget meeting, no change in charges shall take effect until at least sixty (60) days after such change is approved by the members. Notice of the change applicable to that unit shall be delivered to that unit as soon as possible after the meeting.
3. If as a result of the activities of any member, whether or not there is a breach of this bylaw, the co-op becomes liable for any additional taxes, charges or expenses, the member shall pay such taxes, charges or expenses to the co-op on demand. Such charges shall include returned cheque charges, collection charges and legal fees as between a solicitor and their own client. If such taxes, charges or expenses are regular recurring payments, the member's monthly housing charge shall be adjusted accordingly.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
13. Arbitration of disputes between members and the association	258(d)	Explanation: — A housing co-op is required to include a bylaw covering the arbitration of disputes between the members and the association. For further information contact the Department of Co-operation. Consider: — How will the co-op resolve a dispute with one of its members? — At a general meeting? — Special committee of members or outsiders or a combination? — In the courts?
14. In housing co-op, the manner of withdrawal of a member and the repayment of the members interests in the co-operative	258(e) 121	Explanation: — A housing co-op is required to include a bylaw covering the manner of withdrawal by a member and the repayment of the member's interests in the co-operative. Consider: — This may be similar to the bylaw on withdrawal but should consider items such as damage to the unit, etc.

Sample Bylaw	Your Bylaw
1. All applications for withdrawal of membership shall be submitted to the Board of Directors. 2. The directors shall deal promptly (or within a given period of time) with all applications to withdraw. 3. Notice to withdraw shall be given in writing at least _____ days prior to the date of withdrawal. 4. Withdrawal of membership. Notwithstanding the provisions of the other supplemental bylaws of this association, a member may withdraw from membership in the association by giving 30 days' notice in writing to the secretary of the association, and upon withdrawal from membership the association shall, subject to the provisions of The Co-operatives Act, be required to repurchase from the member withdrawing all shares held by	cont.

Bylaw	Reference to Act or Regulations	Explanation/Considerations

Sample Bylaw**Your Bylaw**

the member and shall make available to the member any loan capital or other amounts held to the credit of the member within one year from the date on which the member withdraws from membership in the association.

5. A deceased member shall be deemed to have withdrawn from membership in the association and the previous bylaw shall apply.
6. (a) Upon the death of a member, the spouse of that member shall be given priority for membership over any other applications.

(b) Where there is no surviving spouse, the co-operative shall have complete control of the suite, excluding the personal belongings of the deceased, from the time of death to the time of settlement with the estate.
7. The directors may by a two-thirds vote, at a meeting duly called, order the retirement of a member from the association.

(a) If the retirement of a member is ordered in accordance with the provisions of this bylaw, the association shall purchase at their par value all shares held by the member and pay to him other amounts held to his credit.

(b) The secretary of the association shall within five days from the date on which the order is made, notify the member in writing of the order.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
15. Rules governing any leasing of housing units by members to non-members	258(f) Regulation 17	Explanation: — A housing co-op is required to include a bylaw covering the rules governing any leasing of housing units by members to non-members. Consider: — If not controlled, leasing can defeat the purpose of the co-op. — Leasing can interfere with board's right to approve members, as these tenants would be protected by the Residential Tenancies Act.

Sample Bylaw**Your Bylaw**

(c) An appeal from the order may be taken by the member to the next general meeting of the association, provided that written notice of intention to appeal shall be given by the member to the secretary within thirty days of the receipt of the notice mentioned in clause (b).

(d) At a properly called meeting of the association called for the purpose of hearing an appeal under this section at which a quorum is present, a majority of the votes cast shall determine the appeal.

1. Subject to the approval of the Board of Directors or their designates, members may sublet an apartment for a period of not less than two consecutive months or not more than six consecutive months. Provided further that a member shall automatically forfeit the tenancy agreement on an apartment which remains vacant for a period of six consecutive months.

2. (a) No term of sub-occupancy may be longer than twelve (12) months.

(b) The department member is responsible for finding a sub-occupant acceptable to the co-op. Sub-occupants will be expected to go through the same application and acceptance procedure as prospective members prior to signing a sub-occupancy agreement with the co-op.

(c) Sub-occupants will not have voting rights during their stay in the co-op, but will be expected to assume some responsibility for participation in accordance with the Participation Policy.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
16. Conditions of admission, expulsion or suspension of its members Applies to Employment	266(a)	Explanation: — An employment co-op is required to include a bylaw covering the conditions of admission, expulsion or suspension of its members. For more information contact the Department of Co-operation. Consider: — Membership in the co-op is the source of livelihood and therefore these rules may need to be different than in a retail co-op. — What are reasonable grounds for suspension or termination?
17. Procedure for laying off members when there is a lack of work and a procedure of recall to work Applies to Employment	266(b)	Explanation: — An employment co-op is required to include a bylaw covering a procedure for laying off members when there is a lack of work and a procedure of recall to work. For more information contact the Department of Co-operation. Consider: — What is the basis for lay-offs when these become necessary because of lack of work? Who gets laid off first? Seniority? Type of Work?

Sample Bylaw	Your Bylaw



Part III - Optional Bylaws

Section 8(1)(k) of the Act says that a co-op may pass any other bylaws that the membership considers reasonable. The directors of a co-operative have the right to exercise all the powers of the co-operative subject to the Act, regulations, articles and bylaws. By passing a bylaw, **the members** establish the policy or procedure rather than leaving it to the directors' discretion. Following are a number of items that you may want to put into your bylaws. These are not required bylaws but may be important to the members of your co-operative.

The following items are covered in the Act but are subject to the bylaws. If your membership agrees with the Act there is no need to write a bylaw. If your membership wants some changes, here is your opportunity to tailor your co-operative to your members' needs. The Act makes provision for preferred shares and for a delegate structure. These are not common among co-operatives so they are not covered here. If you want more information on these or any other areas, contact Saskatchewan Co-operation and Co-operative Development.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Provision that shares may be sold for some amount other than their par value. Applies to all co-ops with shares	34(3)	Explanation: — The Act permits a co-operative, by bylaw, to establish a value other than par for the sale of shares. Generally, co-op shares are always sold at par. However, in some smaller co-operatives this would create inequities. An example of this is a small machinery co-operative formed to enable six farmers to share the use of some machinery. A member withdrawing would probably receive fair market value for his 1/6 interest. If a new member came in at par, the continuing members would have to, in effect, absorb the differences between par and fair market value. This permissive section is intended to enable a co-operative to treat its members equitably. Consider: — Does your co-op need this flexibility? — Will the par value of your shares vary considerably? — Will it aid in treating your members equally? — Should not be used by most co-ops but allows for adjustments to be made where inflation has created inequities. — In most cases it would be better to evaluate the assets and allocate the gain to additional shares for existing members. — Check tax consequences. — In most cases the re-evaluation of shares will only take place in the cases of co-op farms or certain types of machinery co-ops.

Sample Bylaw**Your Bylaw**

1. The directors may determine the fair market value of the shares of the co-operative and authorize the sale of the shares at this price.
2. (a) The directors shall annually cause an independent appraisal to be made of the fair market value of the assets of the co-operative.

(b) Any shares authorized by the directors for purchase by the co-operative shall be purchased on the basis of their fair market value as established by the appraisal in (a).

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Provisions for reserves to be maintained out of surplus in a fiscal year after payment of income tax and retiring of deficit previously incurred.	36	Explanation: — Co-op members can ensure that their directors can set aside certain reserves by passing a bylaw.
	37 248	— Retail co-ops and housing co-ops must set aside 5% of any surplus in a reserve before paying a dividend or interest on patronage dividend. You may wish to have additional reserves set aside. Consider: — Any expansions. — Current market. — Economic forecast — Cash flow — Is this the best use of your money? — Check tax implications.

Sample Bylaw	Your Bylaw
1. After providing for: (a) income tax; and (b) retirement of any part of a deficit previously incurred; and (c) the reserves required to be maintained pursuant to the Act; the directors may set aside, in reserve, any or all of the surplus derived from non-member business; 2. After providing for: (a) income tax; and (b) retirement of any part of a deficit previously incurred; and (c) the reserves required to be maintained pursuant to the Act; the directors may set aside, in reserve, any portion of the surplus to be used for purposes which the directors may designate. 3. The provisions regarding the allocation of surplus in a fiscal year shall be as specified in the Act.	

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Method of payment from the surplus of dividends or interest on shares. Applies to Consumer, Housing and Employment co-ops.	36(1)(c) Regulations 6(1)	Explanation: — One of the guiding principles of any co-op is the limited interest on shares. You may want to state in your bylaws that there may be interest paid on shares. A maximum rate will be given in the regulations. Consider: — Do you want to set a maximum rate? — Do you want interest paid on shares at all?

Sample Bylaw**Your Bylaw**

1. The co-operative may, at the discretion of the directors, pay interest on shares at a rate determined by the directors from time to time and, in any event, not exceeding the rate prescribed in the regulations.
2. The co-operative shall pay interest on shares at the rate of 5% on all fully paid up shares.
3. The co-operative shall pay no interest on shares.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Provisions for (including restrictions on and conditions for) allocation and crediting or paying to members a patronage dividend from reserves in excess of those required by Act and from unallocated earnings from previous years. (Computation of amount of business of a member is governed by in the Act and the directors set the rate).	36(3)	Explanation: — Allows the bylaws to address the question of the directors allocating among and crediting or paying to the members as patronage dividends, the reserves other than those required to be maintained by the Act and the unallocated earnings from previous years; these are to be allocated in proportion to the business done by the members at a rate set by the directors. Consider: — If property will appreciate and then be sold. — Check tax implications.

Sample Bylaw**Your Bylaw**

1. The directors may allocate among and credit to the members as a patronage dividend:

(a) any reserves, other than the reserves the co-operative is required to maintain pursuant to the Act; and

(b) any unallocated earnings from previous years;

in proportion to the business done by the members with or through the co-operative in that fiscal year computed in the manner described in the Act at a rate set by the directors;

2. The directors may allocate among and credit to the members as a patronage dividend:

(a) any reserves, other than the reserves the co-operative is required to maintain pursuant to the Act; and

(b) any allocated earnings from the previous years;

in proportion to the business done by the members with or through the co-operative, averaged over the previous five fiscal years of the co-operative, computed in the manner described in the Act and at a rate set by the directors.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Provision for distribution of surplus to non-member patrons. Applies to Consumer, Housing and Employment co-ops.	36(5) 36(6)	Explanation: — In a co-operative that has a large non-member business, the members may want to pay a dividend to their patrons. Their patrons may not be members because of a restriction on membership. Consider: — Income tax. — Your patrons. — How to inform patrons that there will be a dividend. — At what rate will non-member patrons be paid? — How will you keep track of non-member business? — How much business must they do before receiving a refund?
Compulsory purchase of shares or loans to the co-operative. Applies to Consumer, Housing and Employment co-ops.	38	Explanation: — The bylaws may contain a provision that, in each fiscal year, all or any part of the patronage refund that the directors consider reasonable may: (a) be applied to the purchase from the co-operative by a member of shares of the co-operative; or (b) be loaned to or retained by the co-operative on any terms for any period of time that the directors may determine.

Sample Bylaw**Your Bylaw**

1. Non-member patrons doing a minimum of \$100.00 worth of business with the co-operative will receive a patronage refund at 2% less than the members. Notice of this intent will be posted at the beginning of each fiscal year.
2. A patronage refund may be paid to non-member patrons at the discretion of the directors and the rate to be determined by the directors.

1. In lieu of payment in cash of patronage dividends to members, the directors may annually apply the patronage dividends to the purchase of shares of the capital stock of the co-operative.
2. In consideration of the co-operative applying the members' patronage dividends to the purchase of shares of the co-operative, the members hereby apply for the shares and assign, transfer and set over to the co-operative all or a portion of all patronage dividends allocated to them and each of them by the co-operative to be applied to the payment of shares in the current year and in each fiscal year thereafter.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
		— This provides for the compulsory purchase of shares or compulsory loans. For a retail co-op it is not likely that compulsory loans will be required. Without this bylaw all patronage dividends must be paid in cash. Consider: — Will your co-op be able to pay cash dividends? — What happens if the dividend is not equal to or a multiple of the par value of shares?
Small patronage dividend. Applies to Consumer, Housing Employment co-ops	40	Explanation: — If a patronage dividend is small (i.e. less than \$10.00 or any smaller amount specified in the bylaw) you can decide not to pay it. Consider: — What amount should it be? — Over what time period? — What should happen to the money? — How much does it cost to administer? — Unless there is a bylaw, a dividend of even 10¢ must be paid. — Should the member receive all of the dividends regardless of how small they are?

Sample Bylaw**Your Bylaw**

3. If the amount of patronage dividends in any year is not an even multiple of the par value of one share, the member hereby applies for a share to which the balance of the amount shall be applied as part payment.

1. Where the patronage dividend that would otherwise be payable or allocatable to any member with respect to the operations of a fiscal year is less than or equal to _____ the co-operative shall not pay or allocate any patronage dividend to that member; and the amount that would otherwise be payable is the property of the co-operative to be used as the directors may decide.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Method of enforcing the co-operative's statutory lien on shares and amounts standing to the credit of the member.	46 47	Explanation: — The act gives a co-operative rights of lien and set-off to be enforceable in the manner provided in the bylaws. — In your bylaw you can define the rights of lien and set-off shares and amounts standing to the credit of members and shareholders against debts owing to the co-operative. Consider: — Will the lien be exercised only upon a member withdrawing? — By resolution of the board? — Will accounts receivable be applied against shares?

Sample Bylaw**Your Bylaw**

1. (a) The co-operative's lien shall be a first and paramount lien whether or not the time for payment of the member or shareholder debt has arrived.

(b) No legal or equitable interest in any share or any amount standing to the credit of a member or shareholder shall be created in favour of any other person in priority to, or ranking equally with, the co-operative's lien without the prior written consent of the board.

(c) The co-operative may, by board resolution, apply on account of such part of a member or shareholder's debt, as is due to the co-operative, all or any part of the amount standing to the credit of a member or shareholder sufficient to cover the amount of the debt as is due to the co-operative.
2. The co-operative may set-off against all amounts standing to the credit of a member or shareholder all debts of such member or shareholder as may be due to the co-operative.
3. The co-operative may redeem any shareholder's shares and set-off against the proceeds of such redemption all debts of such shareholder as are due by the shareholder to the co-operative at the time of such redemption.
4. Liens may be exercised only by resolution of the board.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Purchase of shares upon retirement.	8(1)(k)	Explanation: — This section of the Act says that you can pass any other bylaws which the members consider reasonable. You may want to set out a procedure for purchasing shares at retirement or a set age. By passing a bylaw, the members establish the policy or procedure rather than leaving it to the discretion of the board. Consider: — Will your co-op be able to purchase shares of very large amounts all at once? — If you choose this bylaw you must also include it in your priority list under withdrawal bylaws. — You may not want to pay out the minimum membership shares so that the membership is not terminated.
Dissolved co-op surplus.	179(4)	Explanation: — After three years any money that has not been distributed is disposed of as directed in the Act unless there is a bylaw stating something different. Consider: — Is it important to your members for this money to go to anything special? — A co-op may wish to include this in the resolution to dissolve rather than the bylaws.

Sample Bylaw**Your Bylaw**

1. When a member reaches the age of 65, the co-operative shall purchase all the member's shares except those required as a condition of membership on the following basis:

(a) 25% on March 31st following receipt of evidence of age.

(b) 25% annually on March 31st for the ensuing three years.

1. Three years after dissolution any money that has not been distributed shall be given to the Co-operative Development Fund.
2. Any funds remaining and unclaimed by creditors or members after 3 years from the date of the approval of the dissolution of the co-operative shall be distributed in accordance with the instrument of dissolution.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Fiscal year end		Explanation: — You must name your fiscal year end in your bylaws. Consider: — Other organizations that you do business with (ie. wholesale). — Income tax. — The normal breaking point in the co-op's operation.
Semi-annual inventory		Explanation: — You may want to require that a semi-annual inventory take place.
Applies to Consumer		Consider: — Audit purposes. — Control over inventory. — Cost of taking inventory.
Prohibiting extension of credit to non-members		Explanation: — You may want to make a bylaw that does not allow giving credit to non-members. Consider: — Do you have a large non-member business? — The risk of giving credit? — Should your co-op be giving credit to non-members? — This could be covered in the credit policy?

Sample Bylaw**Your Bylaw**

1. The fiscal year end of ABC Co-operative Ltd. will be December 31st.
2. The fiscal year of the co-operative shall end on the _____ day of _____ in each year.

1. There will be an inventory taken every 6 months.
2. Only one inventory at the official year end of the co-op is required.

1. No credit will be extended to non-members.
2. Credit will be extended to non-members in accordance with the credit policy of the co-op.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Keeping corporate records.	27(1)	Explanation: — You must keep records of: • articles, bylaws and amendments; • minutes of member meetings and resolutions of members; • copies of notice of appointment of directors and any changes in directors; • a register of directors with their names, addresses, occupations when they became a director and ceased to be a director. • register of names of members and their addresses; • copies of all certificates and orders from the Registrar. — It is important to keep these records so that future members, directors and officers can see what has been done before and how it worked. Articles, bylaws and amendments are important because they are the rules and guidelines for your organization. Each member has a right and a responsibility to know what the bylaws and articles are as they are bound by them when they become a member. — Registers of directors are important in case there are legal complications in the future. — Names of members should be kept not only as a record of shares, but also so you can contact members to notify them of meetings, for surveys or to send member information. — You should maintain proper accounting records for audit purposes and for the information of members. The financial position of the co-operative can be closely watched from these records. Minutes of directors meetings and committee meetings should be kept so that decisions made can be implemented. These can also be important for member information.

Sample Bylaw	Your Bylaw
1. All corporate records of ABC Co-operative as described in Section 27 of The Co-operatives Act will be kept at the registered office.	

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Access to corporate records.	28	Explanation: — A member is entitled, without charge, to one copy of the articles and bylaws upon request. Because a member agrees to follow the bylaws and articles when he becomes a member, he has a right to know what those are. Consider: — Cost of giving a copy to every member. — As member information and public relations.
Provision that signatures of officers designated to sign share certificates may be mechanically reproduced.	49(3)	Explanation: — If you plan to have a very large membership you may want to have a stamp for share certificates. If you do not issue common share certificates this will not be necessary. Consider: — Do you want this convenience? — Security measures. — Good public relations to have them signed by the officer.
Provision that there be no share certificates issued for common shares.		Explanation: The current practice among co-operatives is to not issue share certificates to owners of common shares in co-ops. Consider: — Convenience. — If patronage refunds are applied to the purchase of shares you would have to issue new share certificates every year.

Sample Bylaw	Your Bylaw
1. All members will be given a copy of the articles and the bylaws when they apply for membership.	
1. Signatures of the president and secretary may not be mechanically produced on share certificates.	
1. The co-operative is not required to issue share certificates with respect to common shares, but shall provide to the member a patronage statement indicating the number of shares held by the member in those years when allocations have been made. 2. The co-operative shall not provide share certificates unless requested by the individual member.	

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Eligible age for membership.	102(1)	Explanation: — Your bylaw could change the eligible age for membership given in the Act. The Act says that a person who is 16 years of age or older is eligible to become a member.
	102(2)	Consider: — Should the age be younger? older? — If you make the age younger, that member, by the Act, can enter into a binding contract with the co-op. — A co-op may be organized as a senior citizen's centre or a high school canteen. — Refer to membership section of Part II.
Majority of members or delegates decide questions.	117(4)	Explanation: — According to the Act, a majority of members or delegates who are present and voting at a meeting shall decide all questions. This is subject to the rest of the act. Some parts of the Act require a two-thirds majority. Consider: — Is a majority enough on all topics? What about capital expenditures? Capital expenditures are a board decision unless you have a bylaw restricting the board's powers in this regard.

Sample Bylaw**Your Bylaw**

1. A person who is 14 years of age or older is eligible to become a member.
2. A person who is 21 years of age or older is eligible to become a member.

1. A majority of members or delegates who are present and voting at a meeting shall decide all questions except those concerning capital expenditures which will require a two-thirds majority.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Termination of a membership.	122(1) 123 122(2)	Explanation: — The Act provides that unless a different provision is made in the bylaws, two-thirds of the directors may order termination of a membership. Your members may want stricter rules for removing a member. — The section provides for the right of a member to appeal his termination by the directors to the general membership. Unless the bylaws stipulate, a simple majority of the members can confirm or rescind the order. Consider: — Do your members want more than two-thirds approval? — Should this go to a membership meeting? — Should this be done at a special meeting? — Should it be by resolution?
Unanimous resolutions of directors	79	Explanation: — Enables a co-operative board to approve a routine resolution (ie. appointing new signing authorities for a bank account) without incurring the expense of a meeting. The Act enables a co-operative to restrict this ability by bylaw.

Sample Bylaw	Your Bylaw
1. Subject to Section 123 of the Co-op Act, the membership of a person in the co-operative may be terminated only by the members. 2. The directors may, at any duly constituted meeting, order the termination of a member from the co-operative by ordinary resolution. 3. An order to terminate the membership of a person by the directors can be rescinded only by a two-thirds majority of the members present and casting a vote at a general meeting.	
1. No resolution of the board involving the expenditure of money may be passed except at a meeting of the directors.	

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Meetings of directors	86(1) 86(4)	Explanation: — By the Act the directors may meet at any place and on any notice that they consider appropriate. A notice of a meeting need not specify the purpose or any of the business to be handled at a meeting. In a bylaw you can state where and when meetings can be held and how much notice should be given. Consider: — If your co-operative has branches you may wish to have directors meetings at branches periodically to allow for input from local members. — You may want to consider possible vocations of board members and how much notice they may need to arrange time around their vacations. — Will knowing what will happen at a meeting encourage directors to attend? — Should certain topics (ie. capital expenditures), be outlined in a notice? — How long before a meeting should notice be given? — How often should directors meet? — You could outline an agenda for board meetings.

Sample Bylaw**Your Bylaw**

1. The board shall meet not less frequently than once in every two month period.
2. All board meetings shall be held in the city of _____ unless the directors unanimously agree to another location.
3. All directors shall be given at least 2 days notice of any meeting unless all the directors waive notice.
4. Directors shall be provided with an agenda of the meeting at the time notice is given.
5. Directors need not be provided with an agenda of the meeting at the time the notice is given.
6. A notice of a meeting of the board need not specify the purpose or buisness unless the capital expenditures to be dealt with exceed \$5,000.00.
7. Notice of a meeting, accompanied by a detailed agenda, must be postmarked one week in advance of the meeting.
8. The provisions regarding the calling of directors' meetings shall be as specified in the Act.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Semi-annual or other periodic meetings.	105(4)	Explanation: — You can make a provision in your bylaws for holding semi-annual or other periodic meetings. Consider: — Is it important for your members to be in touch often? — Are there decisions to be made more often than once a year? — Will it help to keep members involved? — Will members consider it too much trouble? — Check section 107(3).
Quorum	109(3)	Explanation: — The Act says that the minimum quorum requirement for a meeting of members is the lesser of: a) 15 members; and b) 10% of the membership — You can provide for a quorum greater than this. Consider: — If you have a large membership you may want to increase the quorum. — The majority of members who make up a quorum have the authority to make decisions which affect all the members. Two-thirds of them could make major decisions affecting the very foundation of the co-op. The quorum should be large enough to ensure the group is representative of all the members, but not so large that it is impossible to hold a meeting.

Sample Bylaw**Your Bylaw**

1. The ABC Co-operative Ltd. will hold a semi-annual meeting six (6) months after the annual meeting.
2. The ABC Co-operative Ltd. will hold a general meeting every second month on the first Monday of the month subject to section 107(3).
3. Special member meetings can be held at the discretion of the board.

1. The quorum at any annual or special meeting of members shall be the lesser or:
 - a) 100 members and
 - b) 15% of the membership
2. The quorum at any annual or special meeting of members shall be according to the provisions of the Act.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
General meetings which a quorum is not present throughout.	109(4)	Explanation: — The Act states that you need a quorum at the opening of a meeting but this quorum does not need to remain for the whole meeting. You can change this with a bylaw. Consider: — Should your members be able to carry on business without a quorum present throughout: — What if only a few people remained? — If your co-operative is small your business could be carried on by a very small number of people. — Under the provisions of the Act, a group could drag out the meeting until they constitute a majority because others have already left. — If you make this a bylaw, it is possible that a small group could walk out so that there is no longer a quorum to conduct business.

Sample Bylaw**Your Bylaw**

1. (a) Where a quorum is present at the opening of a general meeting of members but does not continue to be present throughout the meeting, the remaining members present may not transact any business after the quorum ceases to exist.

(b) Any business transacted while a quorum is present shall be valid and effective.

(c) Notwithstanding the provisions of (a), the remaining members present after a quorum ceases to exist may adjourn the meeting to a fixed time and place.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Appointing auditor at annual meeting	133 134	Explanation: — Co-operatives with more than 20 members will, by ordinary resolution, appoint an auditor at each annual meeting. Co-operatives with less than 20 members can resolve at each annual meeting not to appoint an auditor but cannot make a bylaw for this. An auditor is appointed to protect the interests of all members. It provides verification that the financial information provided by management and the directors is complete and accurate. The auditor reports to the members, not to the directors. Consider: — Should the directors appoint the auditor? recommend an auditor? (The board are often the people you are auditing). — Does it require a secret ballot or special resolution? — All co-ops that handle money should have some kind of audit.

Sample Bylaw**Your Bylaw**

1. On the recommendation of the board, an auditor will be appointed by the members by ordinary resolution at the first annual meeting and at each succeeding annual meeting. The vote will be taken by a secret ballot.
2. (a) The members shall, by ordinary resolution at the first annual general meeting of members, and at each succeeding annual general meeting, appoint an auditor to hold office until the close of the next annual general meeting.

(b) Notwithstanding clause (a), where an auditor is not appointed at an annual general meeting of members, the incumbent auditor continues in office until his successor is appointed.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Vacancy in auditor's position.	136 137 137(4)	Explanation: — By the Act, an auditor's position may be filled (1) at a general or special meeting where the previous auditor is removed; (2) by the directors (immediately); (3) where there is not a quorum of directors, by special meeting with 60 days, (4) a meeting may be called by any member if the above 2 steps do not work. — The change you can make by bylaw in the above procedure is that a vacancy in the office of the auditor can only be filled by members. Consider: — Should directors be appointing an auditor (managers and board are being audited)? — Should you have a special committee of members so you do not have to go to the expense of calling a general meeting?
Annual financial statements and other information for annual meeting.	129(c)	Explanation: — At the annual meeting directors have to present all financial statements, auditors reports and any other information required by the articles or bylaws. This is to ensure that members have all the information necessary to make good decisions regarding their business. Consider: — What other documents or information would you want to ensure was presented to your members at the annual meeting. These could be included in your articles. An example is the annual meeting agenda in the following sample.

Sample Bylaw	Your Bylaw
1. A vacancy in the office of auditor is only to be filled by vote of the members. 2. A vacancy in the office of auditor is only to be filled by a committee of 3 members duly elected at the annual meeting. 3. When the auditor's position becomes vacant, the directors shall appoint an auditor to fill the balance of the unexpired term.	

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Annual Meeting Agenda	8(1)(k)	Explanation: — This section of the Act says that you can pass any other bylaws which the members consider reasonable. You may want to set out an annual meeting agenda. Consider: — An agenda gives specific topics that must be covered at the annual meeting. — Do you want control over the material presented at the annual meeting?
Applies to all co-ops		

Sample Bylaw**Your Bylaw**

1. The order of business for the annual meeting shall include the following:
 - a) Call to order by the Chairman.
 - b) Reading and disposal of the minutes of the preceding annual meeting.
 - c) Business arising from the minutes.
 - d) Reports - Directors
 - Manager
 - Other Officers
 - Discussion
 - e) Reports of delegates and special committees.
 - f) Auditor's report and financial statement - presentation and adoption.
 - g) Directors' future business plan.
 - h) Resolutions, bylaws, recommendations.
 - i) Election of directors.
 - j) Appointment of auditors.
 - k) Remuneration of directors.
 - l) New business.
 - m) Adjournment.

Bylaw	Reference to Act or Regulations	Explanation/Considerations
Provisions allowing general meetings to be held outside Saskatchewan.	103	Explanation: — The Act states that meetings must be held in Saskatchewan unless all members with voting rights agree to hold it outside of the province. The exception to this is if it is stated in the articles that it may be held at a specified place outside of Saskatchewan. You may include this in your articles. Consider: — The convenience of your members and if it is important to hold your annual meeting at the exact location of your co-operative. — Do you want to have your general meeting in the same place every year? — Do you have branches to consider? — How convenient will it be for all of your members to attend?

Sample Bylaw	Your Bylaw
1. General meetings of the co-opertive shall be held at _____ in the Province of Saskatchewan.	

POOR

QUALITY

ORIGINAL